



Presentation to Joint Transportation Appropriations Subcommittee

Jim Westmoreland, Deputy Secretary for Transit
March 9, 2011



Ferry Division



North Carolina Department of Transportation

North Carolina Ferry Division

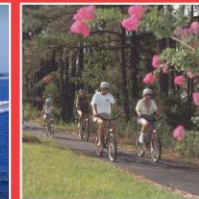
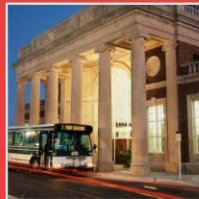
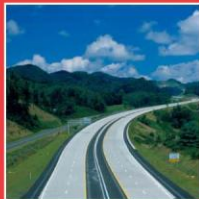
N.C. Ferry System is the second largest in the United States

- Serves as an extension of the highway system
- Operates seven ferry routes in 8 counties (Currituck, Dare, Hyde, Pamlico, Carteret, Beaufort, New Hanover, Brunswick)
- Operate 20 ferries, a dredge, a crane barge and multiple support vessels
- Operates a full service shipyard in conjunction with field maintenance operations
- Transports 1 million+ vehicles and 2 million+ passengers annually
- Provides primary source of transportation to and from Ocracoke Island
- Provides critical access to barrier islands when traditional routes are damaged



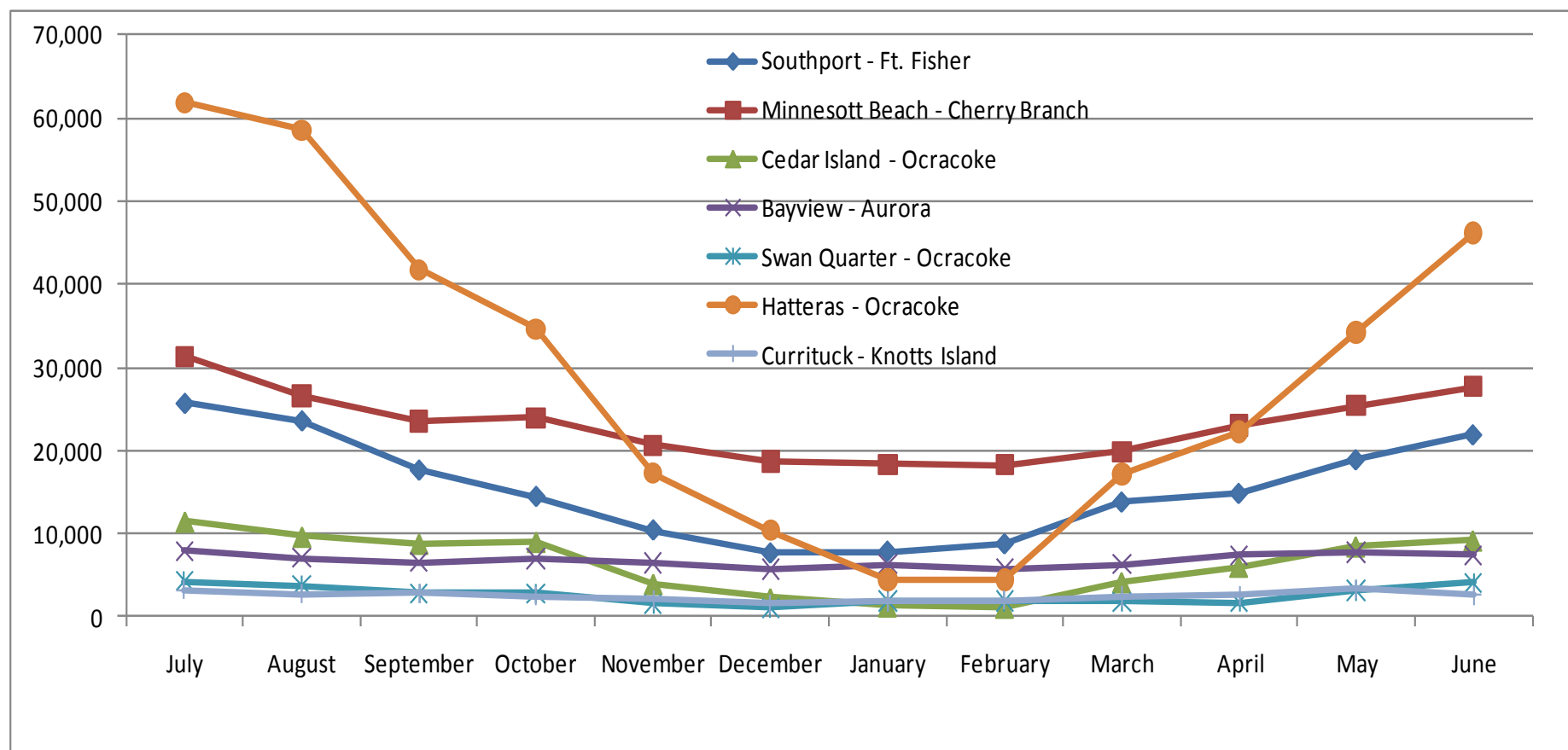
Current Challenges

- Aging fleet
- Number of ferry vessels subject to USCG credit dry dock inspections increased from 9 to 21 (twice every 5 years)
- No stand-by vessels during peak summer months
- Lack of certified shipyard skilled trades workers, difficulty meeting increased vessel maintenance demands
- Support vessels are in poor shape
- Lack of certified crew to meet USCG vessel crew requirement



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Monthly Vehicle Count by Route





Governor's Recommended Budget 2011–13

Administration: \$1,309,136 (Recurring)

Operations: \$41,589,218 (\$2,097,950) = \$39,491,268 (Recurring)

Total: \$40,800,404

- Eight Operation Centers
- 22 vessels – 20 On-hand, 2 Currently being built
- Homeland Security
- NC State Shipyard
- Field Maintenance
- Dredge
- Facility Management
- Employees – FTE: 470 (Filled), FTE: 72 (Vacant), Temporary: 52

Recurring Reductions (\$2,097,950) :

- Reduced unscheduled overtime
- Reduced seasonal temporaries
- Improved hull maintenance
- Reduced vessel rpms



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Governor's Recommended Budget 2011–13

Expansion Requests — Nonrecurring: \$32,200,000.00

- New Vessel: \$12,000,000
- Dredge: \$10,000,000
- Tug: \$ 7,000,000
- Steering Systems Upgrade \$ 750,000
- Spare (4) Main Engines \$ 750,000
- Water Tower Refurbishment \$ 300,000
- Ramp repair/replacements \$ 1,400,000
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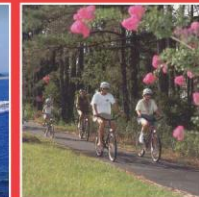
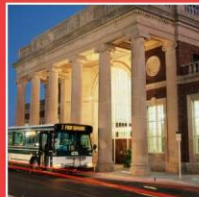
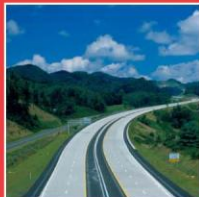


Tolling Options

Tolling Potential (ITRE Study Concept)

	Current	One-way fare and \$100 per month commuter pass
Cherry Branch – Minnesott Beach	\$0	\$10
Bayview – Aurora	\$0	\$10
Currituck – Knotts Island	\$0	\$10
Hatteras – Ocracoke	\$0	\$10
Southport – Ft Fisher	\$5	\$10
Cedar Island – Ocracoke	\$15	\$30
Swan Quarter – Ocracoke	\$15	\$30
Total Revenue:	\$2.2 M	\$10.4 M

- *\$100/month commuter pass= \$5/day = \$2.5/trip*
- *Commuter pass holders receive 100% fare discount*
- *Actual toll revenue is \$8.45 million (considering elasticity) or approximately 25% of the system cost*
- *Projected total revenue would be somewhat less due to a loss of some riders when tolls are increased*



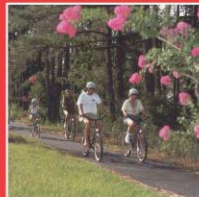
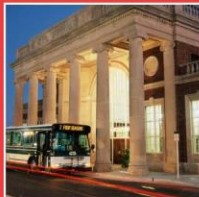
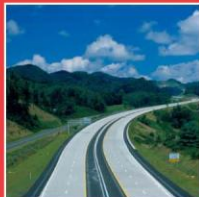
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Toll Rates (without Elasticity)

Projected Revenue: \$10M

	Pass/Single (\$)	Pass/Single (\$)	Pass/Single (\$)
Short Crossing Cherry Branch to Minnesott Beach Bayview to Aurora Currituck to Knotts Island	75/10	10/12	
Short Crossing Hatters to Ocracoke Southport to Fort Fisher	75/10	10/12	300/12
Long Crossing Cedar Island to Ocracoke Swan Quarter to Ocracoke	75/30	10/30	300/35

Pass refers to monthly



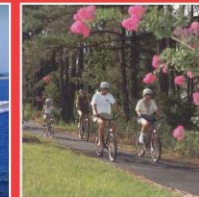
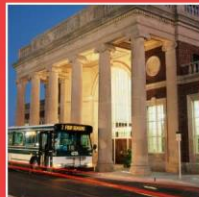
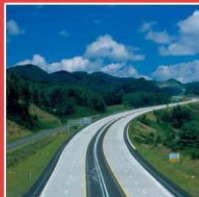
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Toll Rates (without Elasticity)

Projected Revenue: \$15M

	Pass/Single (\$)	Pass/Single (\$)	Pass/Single (\$)
Short Crossing Cherry Branch to Minnesott Beach Bayview to Aurora Currituck to Knotts Island	125/15	15/18	
Short Crossing Hatters to Ocracoke Southport to Fort Fisher	125/15	15/18	450/18
Long Crossing Cedar Island to Ocracoke Swan Quarter to Ocracoke	125/45	15/45	450/55

Pass refers to monthly



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Toll Rates (with Elasticity)

Projected Revenue: \$10M

	Pass/Single (\$)	Pass/Single (\$)	Pass/Single (\$)
Short Crossing Cherry Branch to Minnesott Beach Bayview to Aurora Currituck to Knotts Island	225/15	- ¹	
Short Crossing Hatters to Ocracoke Southport to Fort Fisher	225/15	- ¹	750/15
Long Crossing Cedar Island to Ocracoke Swan Quarter to Ocracoke	225/45	- ¹	750/30

Pass refers to monthly

-¹ Cannot be estimated with current model



Issues/costs to toll new routes (10/1/11)

Issues:

- Determine toll rate and tolling application for each route and location to minimize ridership impacts
- Time to properly outreach with communities/local officials
- Implementation of tolling needs (train employees, install equipment, etc.)

Costs:

- Purchase kiosk equipment and gates (6): \$75,000
- Purchase computer equipment: \$10,000
- Build/Update facilities for toll collection: \$100,000
- Total: \$185,000



Annual Commuter Passes

- Pricing: \$150 (vehicle up to 20 feet), \$200 (vehicle between 20 feet and 40 feet), \$250 (vehicle between 40 feet and 65 feet)
- Commuter passes are good for one year from date of purchase, unlimited trips for one year
- Passes can be used and purchased at all toll locations
- No significant implementation costs or issues envisioned to expand program to non-tolled locations



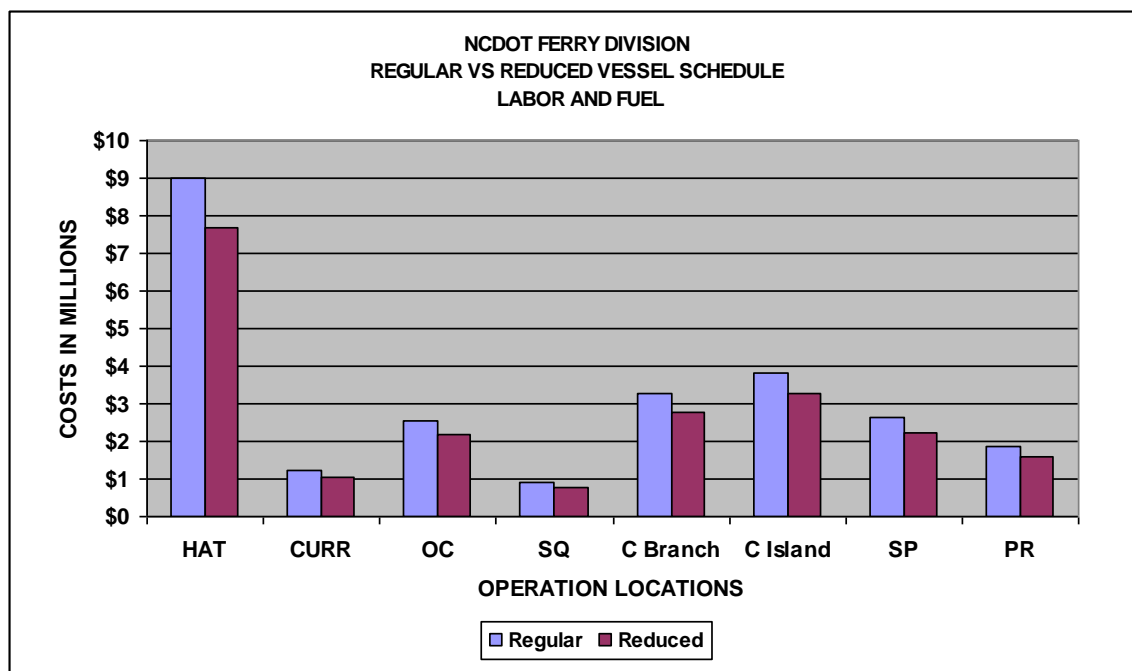
NCDOT Tolling Study / Considerations

- Determine users willingness to pay
- Evaluate impacts to citizens and businesses
- Develop tolling strategy to recover up to 25% of system costs
- Develop tolling implementation plan
 - Provide toll rate and pricing strategy
 - Provide community outreach strategy
 - Provide tolling needs for each location (equipment and labor)
- Timeline – Complete by end of April, 2011



Reduced Schedules

Option 1: 15% reduction to all operations (+/- \$4.5 Million)



Impacts:

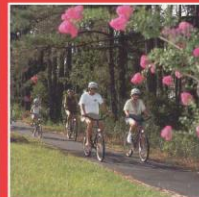
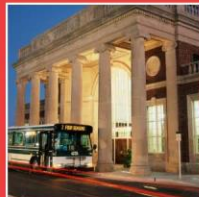
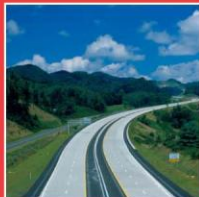
- Total number of daily runs reduced for all locations
- Overall level of service reduced
- Ferry re-deployment is limited



Reduced Schedules

Option 2: Return to 2009 schedules (+/- \$1.5 Million)

- Total operational cost reduction approximately \$1.5 Million
- Cuts daily runs on Sound Class, Pamlico River, and Cherry Branch operations
- Minor impacts to full-time staffing
- Received several complaints from local citizens, tourists, and businesses due to reduced service levels
- Ferry re-deployment limited



Reduced Schedules

Option 3: Run Elimination / Sound Class Schedule Reduction (+/- 2,800,000)

➤ Discontinue Currituck/Knotts Island Operation

- Cost Savings: +/- \$1,400,000
- Crews: Early Retirement, Option to Transfer
- School Kids: School System incurs costs associated with transporting children
- Land: Sale-Net Income to State unknown
- Impacts: 26k vehicles (3 school buses, 15 school vehicles, 80k passengers (primarily school children)
- Ferry Re-Deployment: M/V Hunt to other River Operations



Reduced Schedules

Option 3: Run Elimination / Sound Class Schedule Reduction (+/- 2,800,000)

➤ **Swan Quarter**

Run a reduced summer schedule: 3 departures

Cost Savings: \$12,000 Annual Crew Quarters Lease

125 – 150 gallons fuel per trip

Elimination of two crews per shift per week

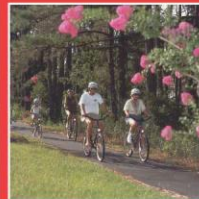
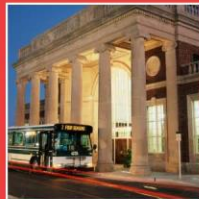
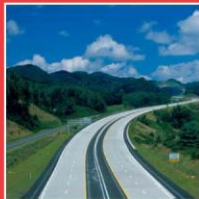
➤ **Cedar Island**

Run a reduced summer schedule: 5 departures

Cost Savings: 125 – 150 gallons fuel per trip

Elimination of two crew per shift per week

➤ **Annual Savings:** \$1,400,000 per year



North Carolina Department of Transportation

Morehead City Office Closing

Morehead Office Closure Examination

Seven-year lease: August 1, 2008 through July 1, 2015

Annual Lease:	\$30,840
Annual Electric:	\$5,000
Janitorial:	\$7,721
Storage:	\$3,000
Copier Lease:	\$4,068
Annual Cost:	\$50,629



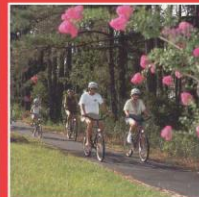
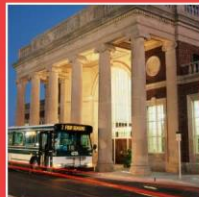
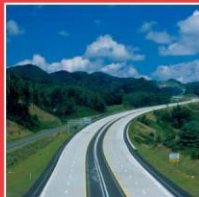
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Morehead City Office Closing

Option 1: Remain at Current Location. Explore renegotiation lease agreement.

Option 2: Relocate to another State-Owned Facility. (NC State Port – Maritime Bldg)
Cost Savings: \$12,000

Option 3: Transfer staff personnel to other Operation locations at Cedar Island or Cherry Branch. Utilize NCDOT Mobile Units as office space
Cost Savings: Unknown



North Carolina Department of Transportation

Reservation System Consolidation

Reservations Function

Transfer to Turnpike

- Recommend implementation in 2012
- Requires supplemental contract with vendor
- Could cost more than we currently pay

Current Staffing

- Four (4) FTE reservationists \$180,000
- Two (4) FT temporary reservationists \$76,850

Total Costs: \$256,850



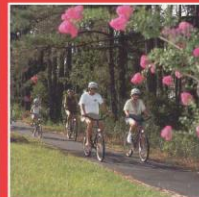
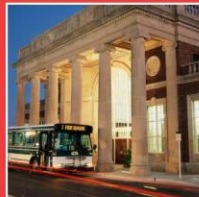
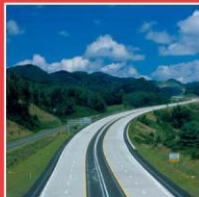
Rail Division



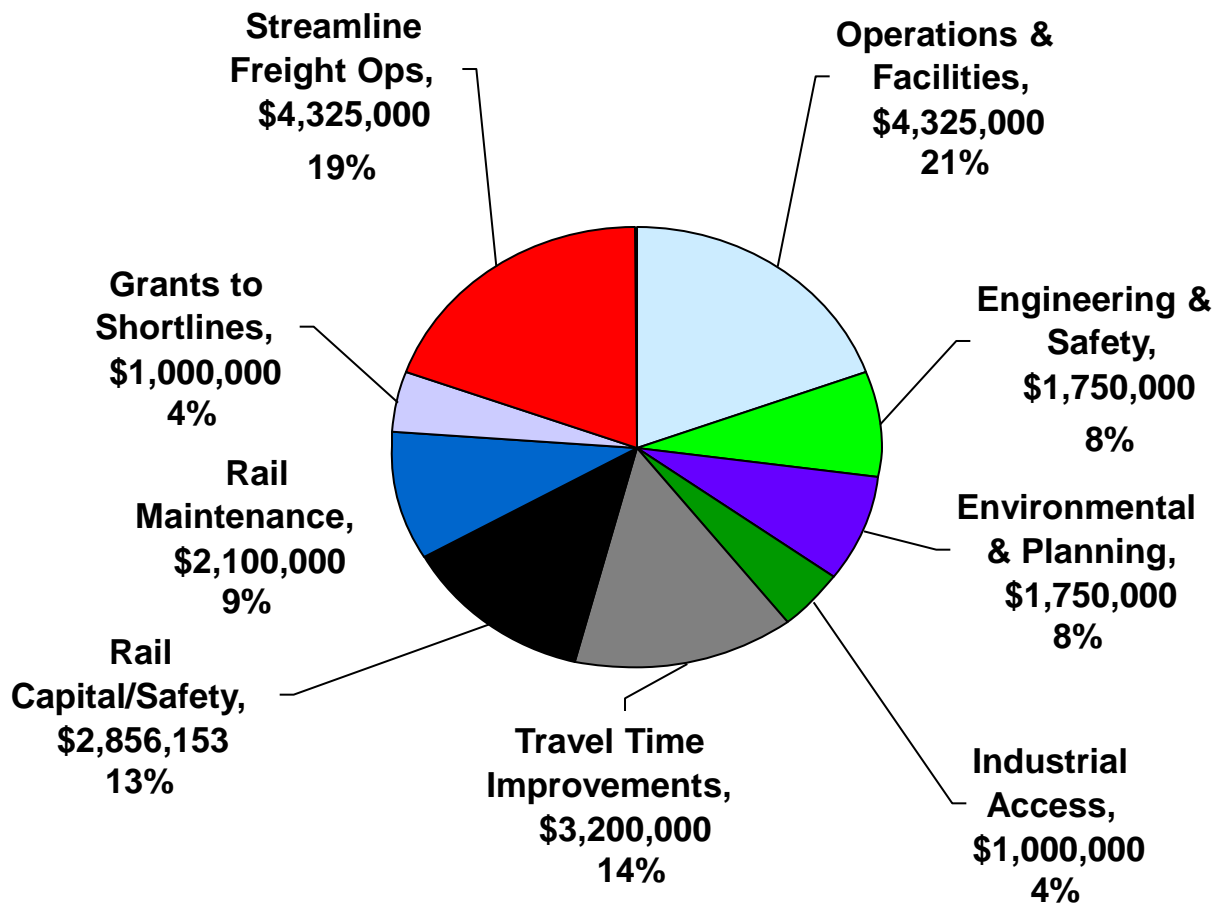
Rail Division

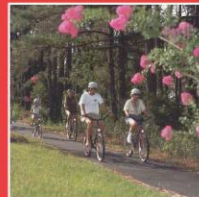
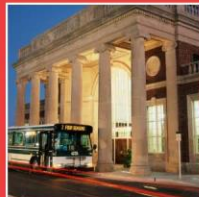
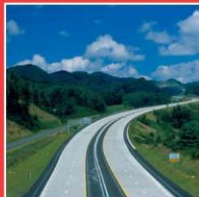
Division and Budget Overview

- 23 freight railroads in 86 counties, 3,500 miles of track
- Highway-railroad crossing safety and scoping, monitor industry safety, expand economic development, develop intercity passenger rail services, and preserve rail corridors for future transportation uses
- Total current budget is \$23.4 million in state funds. Proposed budget for FY 2012–2013 is \$17.1 state and \$211.8 federal for a total of \$220.7 million. State funds are reduced 27%.
- 62 positions, including 11 vacancies. 9 staffers are state funded, the remaining are grant funded.



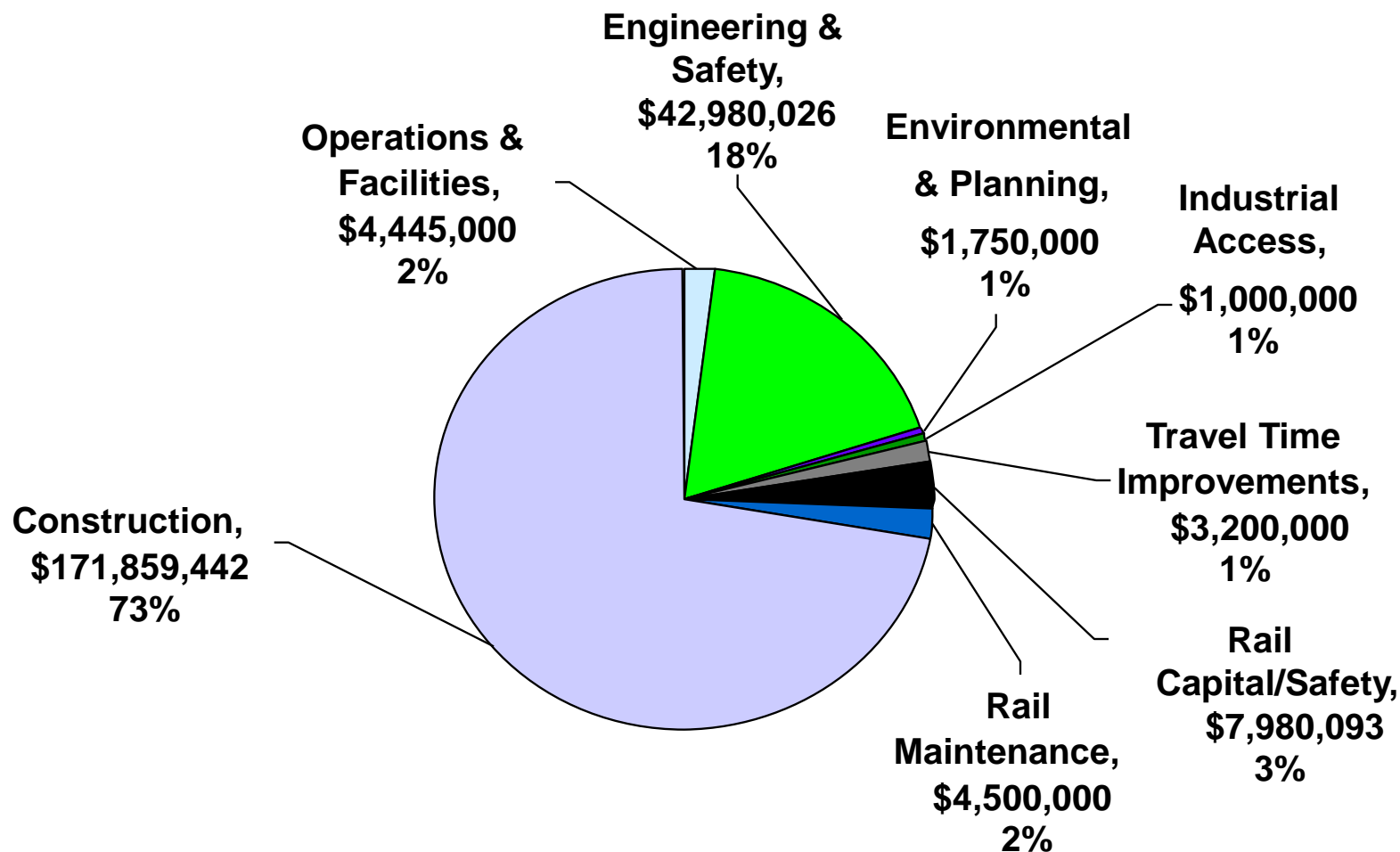
2010-11 Rail Budget \$23,426,153

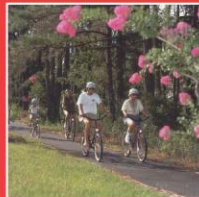
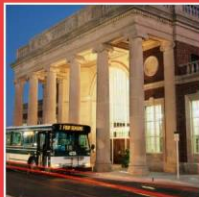
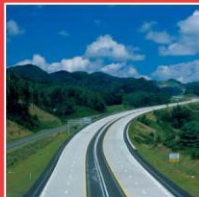




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2011-12 Rail Budget \$220,713,408 (With ARRA \$)





North Carolina Department of Transportation

Fund Detail — 84210-7829 Highway Fund—Railroad Program

Code	Description	2010/2011	Incr/Decr	2011/2012	2012/2013
53 6401	Operations & Facilities	4,445,000	0	4,445,000	4,445,000
53 6402	Rail Industrial Access	1,000,000	0	1,000,000	1,000,000
53 6403	Sealed Corridor	1,750,000	41,230,026	42,980,026	42,980,026
53 6404	Environmental & Planning	1,750,000		1,750,000	1,750,000
53 6407	Travel Time Improvements	3,200,000	0	3,200,000	3,200,000
53 6409	Rail Infrastructure Maintenance	2,100,000	-2,000,000	100,000	100,000
53 6410	Rail Capital & Safety	2,856,153	5,123,940	7,980,093	7,980,093
53 6411	Streamlining Freight Operations	4,325,000	-4,325,000	0	0
53 6412	ARRA – Rail	0	171,859,442	171,859,442	139,545,745
53 9910	Construction-Maintenance	4,500,000	0	4,500,000	4,500,000
Total		\$25,926,153	\$211,888,408	\$237,814,561	\$205,500,864



Rail Division

American Recovery and Reinvestment Act

- \$545 million in grants, 100% federal funds
- 30+ projects across 11 counties
- Freight, passenger and public benefits
- \$260 million in safety improvements—bridges, highway re-alignments and crossings
- \$225 million in railroad capacity—double-track & sidings
- \$60 million in improved stations, facilities and equipment

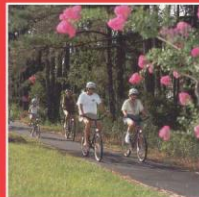
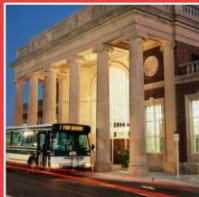
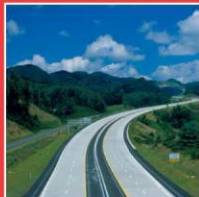


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Rail Division

ARRA Responsibilities:

- Environmental, Design and Construction Management
- Reporting
- 3rd and 4th Piedmont Frequencies
- Maintenance cost sharing (\$4,500,000 – State Funding)



North Carolina Department of Transportation

Rail Program

Proposed Highway Fund Cuts FY2011–12: \$2.6M

Program	Amount Cut (millions)	Short Term Effect	Long Term Effect
Travel Time Improvements	\$2.6M	Moderate	Reduce ability to compete for up to \$12M in Federal Funds

An example of how this line item has been previously used was to construct 8 miles of double-track between High Point and Greensboro; state funds leveraged federal and private funding to enable the project.